LONDON STOCK EXCHANGE

SHANGHAI midnight last night=LONDON 3 p.m. yesterday

Midnight Bulletin

London, July 1.

Very active conditions prevailed on the London foreign exchange market this morning.

Opening with a slight gain of two points from the previous New York on London close to 493.70, the cross-rate on New York recorded a sharp advance of fourty points to 494.10 at 11 o'clock. The rate continued to rule very firm and, at noon, a rise of 22 points brought the rate to 494.32, followed by advances of five points and 45 points at 1 p.m. and two o'clock respectively to 494.82. A total gain of 114 points from yesterday's close was recorded.

After closing at 110.52 on Monday last, French francs opened to-day at 119, followed almost immediately by an advance to 123. The rate continued to firm up with quotations of 124.50 at 11 o'clock, 128 at noon, 128.12 at 1 p.m. and 129 at 2 o'clock.

Fine gold declined 3d. to 140/6d.

Quiet conditions prevailed for silver, with "spot" and forward both declining 1/8d. to 19 1/16d. and 20d. respectively. There was some Indian selling, with poor support.

Rubber prices held steady. At the time of going to press July/Sept. delivery gained 1/8d. from yesterday's close to 9 1/16d. per lb.—Reuter.

LIVERPOOL MARKETS

Liverpool, July 1.

The wheat market opened steady in sympathy with overseas advices. Rains were reported in North America. At 1 o'clock, October contract was quoted at 9/5 1/4d. per 100 lb. up three farthings from the previous closing level.

American cotton futures in Liverpool were weak, with July option, at 1 o'clock, losing 13 points to 6.62 pence per lb.—Reuter.

Wednesday's Closing Quotations

London, June 30.

Conditions on the Stock Exchange to-day were extremely quiet, pending further developments in France, with trading practically featureless throughout.—Reuter.

The following are middle closing prices in London. Quotations are subject to confirmation.

By Courtesy Swan, Culbertson & Fritz and Benjamin & Potts through Reuter

	June 29	30
War Loan, 3½% (Red.)	£99⅛	99⅜
JAPANESE BONDS		
Japan 5% Stg. Loan, 1907	83½	83¼
Japan 6% Stg. Loan, 1924	94¼	94¼
COMMERCIAL AND INDUSTRIAL		
Allied Ironfounders	30/9	30/6
Armstrong, Stevens	9/6	9/6
Assoc. & Elec. Indus.	47/4½	46/1½
Austin Motors, ord.	44/4½	43/9
Bristol Aeroplane, ord.	49/4½	49/-
British-American Tob.	123/9	123/1½
Cable & W. 7½% N-C	£25¼	£24⅜
Cammell Laird, ord.	12/9	12/7½
Courtaulds	51/10½	51/6
Distillers	112/3	112/6
Dunlop Rubber	33/3	33/1½
General Elec. (Eng.)	79/4½	78/9
Guinness (A.) Son & Co.	132/6	132/6
Hawker Siddeley Aircraft	30/10½	30/10½
Imp. Chem. Indus.	36/10½	36/7½
Imp. Tobacco	151/10½	151/3
Leyland Motors	96/3	93/9
Marks Spencer "A" ord.	69/7½	69/4½
O.K. Bazaars	41/3	40/10½
Pressed Steel, com.	23/4½	23/-
Rolls-Royce	106/10½	106/3
Smethwick Drop Forgings	23/-	23/-
Tate & Lyle	87/10½	87/9
Turner & Newall	92/6	91/3
United Steel	29/9	29/9
Vickers, ord.	28/3	27/9
Woolworths	74/-	73/9
MISCELLANEOUS		
Anglo Dutch	39/6	38/-
Rubber Pltn. Invests.	38/-	37/9
MINES		
Burma Corp.	17/4½	17/3
Commonwealth Min.	4/9	4/7½
Exploration Co.	3/9	3/9
Marsman Invests.	23/9	25/-
Randfontein Ests.	49/4½	49/4½
Sub-Nigel	186/3	190/-
Tanami Gold Min.	9d.	9d.
OILS		
Anglo Iranian	121/3	121/3
Burmah	118/9	118/9
Mexican Eagle	18/1½	18/-
Shell Trans. & Trad.	108/1½	108/9

Benjamin & Potts, S. E. Levy & Co. Swan, Culbertson & Fritz and White, White & Co. through Reuter

CHINESE EXTERNAL LOANS, ETC.	June 29	30
4½% Gold Loan of 1898	£102½	102½
4½% Anglo-French Loan	100	100
5% Crisp Loan, 1912	94¼	94¼
5% Reorg. Loan, 1913	101¼	101¼
5% Gold Bonds, 1925-47	104½	104½
5% S'hai-Nanking Rly.	89½	90½
5% T'tsin-Pukow Rly. B.	74½	74½
5% " " G.	74½	74½
5% " " (Supl. Loan) B.	74½	74½
5% " " (Supl. Loan) G.	74½	74½
5% Honan Rly., 1905	87	87
5% Hukuang Rly., 1911	75	75½
5% " " (Ger. Is.)	72	74
5% Lung Tsing U. H. Rly.	46	45¾
5% Canton-Kowloon Rly.	56½	57
6% Sterling Notes, 1925	44	43¼XD
Un. Ins. Soc. of Canton	37½	37½
S'hai Waterwork "A"	36	36
S'hai Elec. Construction	46/-	46/-
Chinese Eng. & Min.	25/3	25/3
H. & S Bank (Ldn. Reg.)	121	121
Chartd. Bank of I. A. & C.	15⅝	15½
Chosen Corp.	11/6	11/6
Pekin Syndicate	8/-	8/-
Gula Kalumpong Rubber	41/3	41/3

XD—Ex dividend.

NEW YORK STOCK EXCHANGE

SHANGHAI twelve o'clock midnight=NEW YORK 11 a.m. yesterday.

Midnight Bulletin

New York, July 1.

Fairly good support was witnessed at the initial call of the stock exchange to-day. With the exception of utilities, which opened barely steady, all sections responded to the upward movement with steels and motors particularly favoured. As trading progressed, an irregular trend set in with the market working in both directions. At the end of the period under review, most sections still showed gains on balance.

Liquidation weakened the cotton market at the outset and July contract declined four points from yesterday's final call to 12.00. With little support to further realizing, July delivery dropped another three points to 11.97.

Buyers were offering 19.36 for July option during early trading, a rise of ten points from previous final call, without tempting sellers. Up to the end of the period under review, the July buying rate remained unchanged.

Good foreign and domestic demand stimulated wheat prices in the Chicago Grain Pit, with July contract opening at 120⅝, an advance of 1¾ cents from yesterday's closing rate. Profit-taking on the scale-up hampered the upward movement and July delivery lost ⅛ cent of the original gain to 120½. Corn also improved at the outset but on a lesser scale and July option gained ¾ cent from last close to 125½, followed by a decline of ⅛ cent to 125⅜.

The silver market in Montreal remained closed to-day on account of Dominion Day holiday.—Reuter.

Wall Street Comment

By courtesy S. E. Levy and Company

According to Dow-Jones, car-loadings for the week ending June 26 is estimated at about 775,000. Engineering constructions awards for June is 49 per cent. above a year ago. British interests have been recent buyers of U.S. Steel and Anaconda Copper. Bulls in U.S. Steel expect a third quarter dividend. Wall Street foresees a big spending era caused by large farm incomes plus July dividend and interest payments. Earnings of American Telephone & Telegraph Co. is expected to be $10/11, with no financing anticipated for 1937.

"Wall Street Journal" Comment

By courtesy of Swan, Culbertson & Fritz

The "Journal" reports that there are more possible buyers than sellers around Wall Street, but traders are cautious.

The "Street" liked the leadership in yesterday's advance including American Tel. & Tel., Anaconda Copper, New York Central, and Steel shares.

The month of July has shown more market rises than declines during the past thirty years.

Bulls are of the opinion that U.S. Steel will consider common dividends in the third quarter.

Thursday's Opening Quotations

	Wed. night	Thurs. a.m.		
	Close	Open	10.30	11.00
Anaconda Copper	52⅜	53	53⅜	53⅜
Baltimore & Ohio	26¼	26⅜	26⅜	26⅜
Bethlehem Steel	84	84½	84½	84½
Chrysler	97½	98½	98	98
Elec. Bond & Sh.	15⅝	15½	15⅜	15⅜
Gen. Motors	49½	50	49⅜	49⅜
Int. Tel. & Tel.	10½	10⅝	10⅜	10⅜
N.Y. Central	36⅜	36⅞	36½	36⅜
St. Oil of N.J.	65⅛	65⅜	65⅜	65⅜
U.S. Steel	99⅛	100⅜	100⅜	100⅛
Cotton July	12.04-05	12.00-00	12.00	11.97
Cotton Dec.	12.09-09	12.01-01	11.98	12.00
Rubber July	19.26	19.36B-	19.36	19.36
	Nom.	42A	B	B
Chic. W. July	118¾-119	120⅜-120⅜	—	120½
Chic. W. Sept.	120¼-119⅞	121¼-121⅜	—	121½
Chic. C. July	124⅜-125½	125½-125½	—	125⅝

(New). B—Bid. A—Asked.—Reuter.

Wednesday's Closing Quotations

New York, June 30.

Stock prices on Wall Street to-day advanced from fractions to about three points over a broad front, while a few issues were from 4 to 6 points higher. Profit-taking appeared on the up-swing, but was readily absorbed. There was some shorts covering reported, but the turnover remained very small, amounting only to 690,000 shares.—Reuter.

Dow-Jones Averages

	High	Low	Close	Changes
30 Indust.	170.02	167.00	169.32	+2.21
20 Rails	51.48	50.60	51.35	+0.80
20 Utilit.	26.37	25.61	26.31	+0.75
40 Bonds	—	—	99.95	+0.41
11 Commod.	—	—	70.76	−0.68

	June 29	30
Adams Express	15½	16¼
Allegheny Steel Co.	32½	32½ B
Allis Chalmers	58⅞	60½
Amer. Can	92	95
Amer. Cyanamid "B"	30	30½
Amer. & For. Power	6¾	6⅞
" " $7 pfd.	48	49
Amer. Locomotive	38	39
Amer. Metals	43⅛ B	45½ B
Amer. Radiator	18¾	19¼
Amer. Rolling Mill	33⅞	34¾
Amer. Smelting	82	83½
Amer. Sugar Refining	43½	46
Amer. Tel. & Tel.	160⅝	166¾
Amer. Tobacco "B"	76½	76¾
Amer. Waterworks	16	17
Anaconda Copper	50½	52¾
Atchison, T. & S. Fe	75	76¾
Atlantic Refining Co.	27⅝	28⅛
Atlas Corp.	15	15½
Auburn	15	15⅞
Baldwin Loco $7 cum.	70	75 B
Baltimore & Ohio	25⅜	26¼
Barber Co.	27⅝	28
Barnsdall Oil Co.	23¾	24½
Bethlehem Steel	81¾	84
Boeing Airplane Co.	27⅞	29¼
Borden Co.	23	23¾
Briggs Manuf. Co.	40	40⅜
Bkylyn-Manhattan Trans.	20½	20⅜*
" " $6 cum	69 B	68¼*
Case, J.I."	157	160
Can. Pacific Rly.	12⅜	12⅝
Celanese Corp.	35⅞	36⅜
Cerro De Pasco	63 B	64¾
Chase Nat. Bank	46⅛ B	46¾ B
Chesapeake Corp.	63 B	62 B
Chesapeake & Ohio	50⅛	52
Chrysler	95⅛	97⅞
Columbia Gas & Elec.	10⅝	11⅛
" 6%	82½	82
Coml. Credit	57¼	58½
Coml. Solvents	13	13⅛
Comm. & Southern	2⅛	2⅛
" " $6	46½ B	47½
Consolid. Copper Mines	9½	9¾
Consolid. Edison	32¼	33¼
Consolid. Oil	14⅞	15⅛
Continental Can	51	52
Continental Oil	43⅛	43⅞
Corn Products	60¾	61½
Coty, Inc.	6⅞	6⅞
Curtiss Wright	5⅛	5⅛
" "A"	17	17¼
Delaware & Hudson	35	36
Delaware, Lackawanna	14¼	15¼
Deere Co.	127½	129
Distillers Corp.	21	21¼
Douglas Aircraft	55½	57
Du Pont de Nemours	150½	153
Eagle Picher Lead	17¾	18⅞
Elec. Boat Co.	9½	9⅝
Elec. Bond & Sh.	14⅝	15⅜
" " $5 pfd.	57¼ B	57¼ B
" " $6 pfd.	68 B	68 B
Elec. Power & Lt.	16¾	17½
" " 7% pfd.	65	65½
Flintkote Co.	26½ B	27½
Gen. Cigar	34¾	34½
Gen. Electric	51½	52⅞
Gen. Foods	37¼	36¾
Gen. Motors	48½	49¼
Gen. Railway Signal	42	45
Glidden Co.	41½	42 B
Godchaux Sugar Class	39 B	39½
Goodrich	38	39¼
" $5 pfd.	77⅞	79
Goodyear Tire & R.	37	38
Great Northern Rly.	47⅞	48¼
Great Western Sugar	35	35⅛
Greyhound Corp.	13⅝	14½
Hecker Prods.	11¼	11⅜
Humble Oil	76	76 B
Int. Nickel	57¾	57¾
Int. Tel. & Tel.	10⅛	10½
Interstate Dept. Stores	24	24
Kennecott	54¾	56⅝
Lambert Co.	18⅜	18¼
Libby-Owens-Ford	59½	60
Lockheed Aircraft	11¾	12
Loew's Inc.	74½	75⅛
Lorillard	20⅜	20¾
McKesson & Robbins	43	43 B
Martin, Glenn L. C.	19¼	20¼
Missouri Pacific R.R.	3⅝	3½ B
Montanto Chemical	86¾	89
Montgomery Ward	54	54¾
M'tain City Copper	10¼ B	10¼
Nat. Bond & Inve.	26	25
National Cash Regi.	31¾*	32
Nat. City Bank	41⅛ B	42⅝ B
Nat. Dairy Prods.	18⅞	18⅞
Nat. Distillers	28⅛	28¼
Nat. Power & Lt.	9	9⅛
Nat. Steel	79½	80
Nat. Supply Co. of Del.	35	35¼
New York Central	34⅞	36⅝
Niagara Hudson & Pw..	11⅛	11½
N. American Aviation	11	11¼
North American	22	22¾
Northern Pacific	27¼	27¾
Pacific Gas & Elec.	29¼*	29¼
Pacific Lighting	41	41
Packard Motors	8⅝	8½
Paramount Pictures	17½	18
" " 1st pfd.	122¼	124½ B
Pennsylvania R.R.	35	36
Phillips Petroleum	53¼	54½
Public Serv. of N.J.	37¾	38
Pure Oil	17⅜	18¾

SILVER QUOTATIONS

London, July 1.

Silver prices were slightly easier to-day, the quotations being:—

	June 30	July 1
London spot	20 1/16d.	19 15/16d.
" forward	20⅛d.	20d.
London/New York:		
One pound U.S.	$4.93⅜	$4.94⅜
One U.S. dollar	48.645d.	48.546d.

—Reuter.

HUGE PLAN OFFERED FOR MANCHOUKUO

Y2,353,000,000 to Carry Out Five-Year Plan

JAPAN CONTEMPLATING ECONOMIC BLOC IDEA

Approximately Y2,353,000,000 is estimated to be necessary to carry out Manchoukuo's five-year industrial plan, which has been shown to the Japanese Government in an effort to obtain its support, according to the "Chugai." The plan has been filed with the Manchurian Affairs Bureau of the Japanese Cabinet, the Finance Ministry, the Commerce and Industry Ministry and the Agriculture and Forestry Ministry, all of which will investigate it.

The five-year plan has come to the limelight suddenly with the Finance Minister's proposal to establish a large-scale economic plan on the basis of Japanese-Manchoukuo unity. If this industrial expansion policy is adopted, the Manchoukuo plan will be included into it.

The South Manchuria Railway is charged with raising Y900,000,000, the Manchoukuo Government Y700,000,000, special companies in Manchoukuo Y260,000,000, private companies Y340,000,000 and the Industrial Bank of Manchu Y100,000,000. Details are as follows:

	Goal of increased production (1,000 met. tons)	Present production	Money needed for increased production (Y.1,000)
Iron and Steel			
Steel	2,250	580	88,500
Pig iron	2,400	850	108,500
Ore	6,600	2,700	31,440
Total	11,250	4,130	228,440
Fuel Oil			
Fushun Liquefaction	100	—	73,000
Fuhsin "	200	—	100,000
Hsulan "	150	—	50,000
Ssupingkai "	50	14	18,000
Shale oil, Fushun	500	140	36,900
Shale oil, Sanshin	300	—	81,900
Alcohol	56	6	13,000
Total	1,356	159	317,300
Coal			
Black coal	24,600	11,700	140,110
Brown coal	900	—	9,900
Total	25,500	11,700	150,010
Power	(k.w.)	(k.w.)	
Water power	350,000	—	—
Steam	850,000	420,000	—
Total	1,200,000	420,000	214,500
Rolling Stock			
Locomotives, passenger cars and freight cars	—	—	27,813
	(m. tons)		
Aluminum	20,000	—	38,000
	(m. tons)		
Magnesium	200	—	560
Pulp	120	60	15,000
Salt	875	275	15,750
	(Yen)		
Gold Mining	20,000,000	—	50,000
Soda Ash	72	36	4,000
Asbestos	5	—	500
Lead	124	72	4,800
Meat	50	—	7,000
Automobiles	4,000	—	20,000

Armaments

Manufacture of war supplies, including tanks, will be increased to five times the present amount with an estimated expenditure of Y100,000,000.

Aviation

Manufacture of 240 planes a year is the goal. For this, Y30,000,000 is appropriated. Expenditure for the above enterprises total Y1,223,673,000.

Agricultural Production

A total expenditure of Y122,194,000 is required to increase agricultural production.

Stock Breeding

Expenditure of Y7,500,000 needed for the five-year stock-breeding plan.

The cost of all the above enterprises totals Y1,353,367,000, plus Y1,000,000,000 for transportation expenditures.

MANILA GOLD SHARES

By courtesy of Swan, Culbertson & Fritz and S. E. Levy & Co.

(Closing Bids in Pesos)

	June 30	July 1
Acoje	.15	.15
Antamok	.99	.97
Atok	.27	.28
Baguio Gold	.22	.22
Batong Buhay	.015	.015
Benguet Consolidated	10.25	10.00
Benguet Exploration	.10	.09
Big Wedge	.20	.20
Coco Grove	.68	.69
Consolidated Mines	.023	.023
Dayaka	.13	.14
Demonstration	.61	.59
East Mindanao	.21	.22
Gold Creek	.14	.14
Ipo	.19	.19
Itogon	.86	.83
I X L	.74	.72
Masbate	.24	.24
Mineral Resources	.26	.26
Mother Lode	.05	.05
Paracale Gold	.14	.14
Paracalegamus	.43	.42
San Mauricio	1.85	1.85
Suyoc	.36	.36
United Paracale	.79	.79
Universal Exploration	.21	.21
	Very Steady	Easy

B—Bid; A—Asked.

Wednesday's turnover: 6,649,140 shares. S. C. & F. Index: (Closing Prices 134.81.—Reuter.

Radio Corp. of Amer.	7¾	8⅛
Republic Steel Co.	34⅛	35
Revere Copper & Brass	32	35
Reynolds Tobacco "B"	49½	49⅛
Schenley	38⅞	38⅝
" 5½% pfd.	93½ B	93½ B
Sears Roebuck	86	88
Shell Union Oil	27	27½
Socony-Vacuum	18⅞	19¾
Sthrn. Cal. Edison	24	23⅞ B
Sthrn. Pacific	41½	43⅜
Southern Rly.	26⅜	28⅜
Sthrn. Rly. 5% pfd.	39½	40⅜
Stand. Brands	12	11¾
Stand. Gas & Elec.	6¼	6⅜
" " $7 pfd.	38½ B	40¾
Stand. Oil of N.J.	64½	65¼
Stering Prods.	62½	63¾
Studebaker	12⅝	12⅝
Swift International	30⅛	30¼
Technicolor	27⅝	29
Texas Corp.	58	58⅞
Texas Gulf Sulphur	34¾	35
Tide Water Assn. Oil	16½	16⅞
Timken Detroit Axle	20¼	20½
Transamerica	12⅞	13
T'tieth Century Fox Film.	31	32
" "	38 B	39¾
Un. Carbide & Carbon	99½	99¼
Un. Pacific	123	123
Un. Aircraft	26¾	26¾*
Un. Airline Trans.	15	15⅞
Un. Corp.	4¼	4½
" $3 cum. pfd.	36¼	36¼
Un. Gas Corp.	8¼	8½
Un. Gas Improvement	11⅞	11⅞
Un. Light & Pwer.	5¼	5½
U. S. Indus. Alcohol	29 B	30
U. S. Rubber	54	56½
" 8% non-cum.	87	89¾
U. S. Smelt., Ref. & Min.	83⅜	83⅞
U. S. Steel	96¾	99½
Vanadium	26	26¼
Warner Bros. Pict's	12	12⅜
Westinghouse Air Brakes	40¼*	41½
Westinghouse Elec.	137½	143
Woodward Iron	26 B	26 B
Youngstown Sheet	80½	82¼
BONDS		
Amer. & For. Power 5s	76¾	78¼
Anglo-Chilean Nitrate	31½ B	32 B
Brazil	39⅛	38¾
Cities Serv. Pwr. & Lt.	63⅛	63⅜
Int. Tel. & Tel.	89½	90
Int. Tel. & Tel. 5s	72¼	72
New England Gas & Elec.	66¾	66⅝
Peru 6s 1961	19	18⅜
Rio Grand de Sul	26¼ B	26½ B
Stand. Gas & Elec.	65½	65½

A—Asked B—Bid *—Ex Div.—Reuter.

RESTRICTION IN RECOVERY

Regulation Schemes Not a Cause of Price Rises: Quick Response to Increased Consumption

"GRANTED the usefulness, in certain cases, of restriction in times of adversity, there is a danger that it may become a menace in a period of recovery," says an article entitled "Restriction Schemes in Recovery," which appears in the May issue of the "Westminster Bank Review."

There must always, it is pointed out, be the possibility that supply may be curtailed not merely so long as is required to equate supply and demand, but afterwards, when demand is beginning expand. From the general point of view such a situation would be deplorable. The restricting industry itself may temporarily benefit from the inflated prices obtained for its produce, but expansion of consumption, and in particular the development of new uses, will be impeded, and indeed demand may be permanently curtailed through the encouragement given to the use of substitutes.

So far, the writer says, it would appear that in the majority of cases those responsible for the regulating schemes initiated during the past few years have been conscious of their inherent defects, and that the sharp rises in prices have occurred despite, and not because of, the policies that have been pursued.

Schemes Justifiable

The article reviews the regulation schemes which have been applied to rubber, tea, copper, tin and (in the form of Governmental schemes to remove excess supply from the market) also to wheat and cotton. The first conclusion it draws is that the introduction of the schemes was justifiable. "Shrinking consumption," it says, "owing to world depression, was accompanied in many industries by continued increases in productive capacity as extensions planned in more prosperous times became effective. To have left it to free competition to restrict production to meet the fall in demand would have meant still more ruinous collapses in market prices and probably the accumulation of still larger stocks, which would have retarded recovery when demand began to expand."

The writer goes on to emphasise that restriction could never in itself bring back prosperity. It could mitigate the losses of producers and permit them to secure prices which would at any rate cover running costs, but so long as mines or plantations were only partially employed, satisfactory profits could not be expected.

Example of Tin

"Recovery had to await reviving demand," says the article. "This has been particularly clearly seen in the case of tin, where, despite the technical success of the regulation scheme, remunerative working conditions have returned only now, when a good price is accompanied by reasonably full working."

But restriction meant that producers were in a better condition to cater for increased demand when it came, and by their stronger bargaining power, thanks largely to the reduction of accumulated stocks, were better prepared to take advantage of it to secure higher prices. In so far as extreme fluctuations in prices are beneficial neither to producer nor to consumer, the principle of regulation of supply in times of depression appears, therefore, to have proved worth while over the past few years. The powers of regulation of supply are limited, however, and schemes may take a considerable time to become effective. Their immediate benefits, moreover, may be nullified by adverse secondary effects, and the management of such schemes is no easy matter, for without the most skilful control and shrewd foresight, fluctuations as wide as any seen in free markets may result.

Operation in Recovery

"Restriction schemes are even more difficult to operate in recovery than during depression," the "Westminster Bank Review" article continues. "Signs of increasing demand are not always borne out, and there is a natural reluctance to expand production until it is certain that permanent increase in consumption is to be expected. On the other hand, market demand is apt to grow suddenly after the initial stages of recovery in consumption, which can usually be met by reduction in manufacturers' stocks, while a larger output may not become effective until some time after it has been authorised, owing to technical or labour difficulties (as has been found in tin and rubber).

"On the whole, it may be said that a welcome feature of the present situation has been the quick response of those controlling restriction schemes to increased consumption. Sometimes demand has increased more rapidly than anyone could have foreseen, especially when rearmament requirements—or speculative anticipations of them—have reinforced commercial demand, and sharp rises in prices have resulted. Broadly speaking, however, producers have not contributed to these rises by withholding output."

Danger of Forcing up Prices

The writer points out that in most commodities world consumption has not yet reached equality with productive capacity, and says that until full employment is reached, producers will often fare better from increasing output than from raising prices. "A policy of forcing up prices must necessarily mean the attraction of further competition and increases to capacity, with the very real danger that another, and worse, slump may be precipitated, while at the same time high prices discourage consumption and give an incentive to the use of substitutes wherever possible."

In the writer's view, it may fairly be concluded that primary producers have learnt the lessons of the last slump, and that the dangers of undue curtailment of production in times of recovery will be avoided. Larger supplies are already coming on to the markets, creating a more healthy position all round.

Price Agreements

There seems to be a danger, however, he says, that in some of those manufacturing industries where effective price agreements obtain, prices of finished products may be raised to a greater extent than is justified by advances in raw materials, bearing in mind the much greater falls sustained by the latter during the depression. "Such price agreements are only a form of regulation of supply, and one of the least desirable forms because they are rarely made public. As with the more direct forms of regulation, their maintenance in times of recovery is justified only to the extent that their working is made less stringent, so that the advantages of the increases of outputs permitted under regulation schemes applying to primary products are fully passed on to the ultimate consumers."

The article points out that the restriction schemes applied to the leading primary products by no means exhaust the list of such attempts at regulation. The central coal-selling schemes and the co-ordinating activities of the Iron and Steel Federation in this country both have similar aims in view. So, too, have the various cartels which have been established in a number of manufacturing industries. As the products of such cartels are not sufficiently standardised to be dealt in on organised markets it is more difficult to estimate the results of their operations, but there is no doubt that in the aggregate they are of considerable importance.

AIR RECORDS AND BRITAIN

Within Powers of the New R.A.F. Aeroplanes

Great Britain, which, within recent years, has held the world air records for speed, altitude, and distance measured as a straight line, no longer holds any of them, writes major C. C. Turner in the "Daily Telegraph."

Nevertheless, three of them are waiting to be won, if the Air Ministry would give the word. They could be won with new types now being supplied to the R.A.F., and very little special preparation would be needed.

Other countries, notably Italy and the United States, apparently attach more importance to these records as a means for increasing prestige and, indirectly, their chances in world markets.

The land aeroplane record over the 3-kilometre course, flown in each direction, is held by the United States, with a flight by Mr. H. Hughes, at a speed of 352 miles an hour. This record could be taken by two or possibly three, of the new R.A.F. Flighter types.

Distance Bombers

The world aeroplane distance record is held by the French pilots, Rossi and Codos, with a flight of 5,656 miles from New York to Rayak, in Syria.

This record could be taken by one of the new R.A.F. bombers, and that without very much special adaptation.

In altitude, Sqdrn.-Ldr. F. R. D. Swain's record of 50,000 feet was beaten by the Italian, Lt.-Col. Mario Pezzi, Chief of the Italian Air Force High Flying Section, by a flight to 51,348 feet.

There is little doubt that Sqdrn.-Ldr. Swain's altitude could be beaten by a considerable margin with the air-cooled Bristol engine used by him. A new attempt is already being prepared and will probably be made by Flt.-Lt. M. J. Adam.

BERLIN BOURSE

Berlin, June 30.

To-day was the half yearly settlement day. Despite that and contrary to the expectations the share market was in lively mood, operators buying freely, the public also being less reserved than heretofore so that the prices were very favourable, the scarcity of material leading to many rises. The operators obviously counted on the public seeking investment in shares and fixed interest securities as soon as the quarterly interest payments on investment were received, moreover the banks that had been holding back so as not to show too high holdings in shares over half a year, had no longer cause for reserve from this reason and so resumed buying. Minings, electrics and gas were all firm.

Fixed interest securities were more friendly, many small rises in price being noted.

Call money stood at 3 to 3¼ per cent.

Reichsbank 211¾ up ¾, German Dye Trusts 165½ down ⅜, Salzdetfurth Potash 160 up 1¾, United Steel Works 119¾ up ⅞, Mannesmann Pipes 123¼ up ¾, Harpener Mining 174¼, Monday unquoted, German Mineral Oils 156 up 1, Continental Rubber 188¾ down ½, Siemens & Halske 216½ up 1, AEG 127 up ⅞, Rhenish-Westphalian Power 132⅝ up 1⅜, Hamburg-America Line 19½ up ¼, North German Lloyd 20⅜ down ⅛, Bemberg Rayon 138 up 1, Deutsche Bank 118 unchanged, Deutsch-Asiatische Bank 889 up 21, Young Loan 104½ down ½.

Reichsmark quotations without guarantee: New York 40.09, Paris unquoted, Amsterdam 72.95 to 73.00, London 12.307.—Trans-Ocean Kuo Min.

DANISH DOLLAR BOND CLAIM

The Amsterdam Stock Exchange Committee has started a lawsuit against the Danish Government for the payment of coupons of the Danish dollar loans of 1925 and 1928 on a gold basis. There was issued in Holland $2,000,000 of the 5½ per cent. External Bonds of 1925, and $5,000,000 of the External Gold 4½ per cent. Bonds of 1928. The Committee maintains that American law is not applicable to the case.

CANADIAN EXCHANGES CLOSED YESTERDAY

Montreal, June 30.

The Montreal silver market and all Canadian stock and commodity markets will be closed to-morrow, in observance of the seventieth anniversary of the confederation of the Canadian provinces.—United Press.

INTERNATIONAL DEBTS AND GOLD PROBLEMS

German View of Discordant World Economy

Berlin, July 1.

The Congress of the International Chamber of Commerce devoted its meeting yesterday to currency systems and gold.

The Vice-President of the Congress, Herr Otto Christian Fischer, discussed disturbances to world economic balance through unequal distribution of gold which, he said, is merely one aspect of the still greater problem international debts which hindered international exchange of goods through heavy payments of interests and amortizations. —Trans-Ocean.

BEER PRODUCTION GAINS IN JAPAN

Output Increases 111,404 Koku During First Five Months of Year

Production of beer in Japan during the first five months of this year amounted to 630,917 koku, according to Domei. The amount was 111,404 koku larger than the year before.

Details of production by four brewery companies follow:

	Jan.-May, 1937	Gains over the year before	(In koku)
Dai Nippon Brewery	407,664	85,756	
Kirin Beer	172,245	21,357	
Sakura Beer	46,265	3,098	
Oraga Beer	4,743	1,193	
Total	630,917	111,404	

U.S. PETROLEUM OUTPUT GAINS AGAIN

New York, June 30.

Continuing the trend established the previous week, the production of petroleum in the United States registered a gain during the seven-day period ending June 26, the American Petroleum Institute reported to-day.

For the week the wells of the nation yielded an average of 3,529,600 barrels each day, as against 3,510,950 barrels daily average the previous week and 3,250,000 barrels the fortnight previous. The output, however, was still below that of three weeks ago, when production averaged 3,538,105 barrels daily.—United Press.

U.S. STEEL PRODUCTION ON THE UP-SWING

New York, June 30.

Steel plants of the nation operated at 76½ per cent. of capacity production during the week ending June 26, the magazine "Iron Age" reported to-day.

The rate represented an increase of 1½ per cent. over the production rate of the previous week. "Iron Age" asserted that the vitality of production indicaes a sharp up-swing of new business as soon as the labour trouble in the industry is quieted.—United Press.

ELECTRICITY OUTPUT IN UNITED STATES

New York, June 30.

Production of electricity by the electric light and power industry of the United States for the week ended June 26 totalled 2,238,000,000 kilowatt hours, according to the weekly statement of the Edison Electric Institute published to-day.

This compares with 2,214,000,000 kilowatt hours last week and 2,030,000,000 kilowatt hours for the corresponding period of last year, showing an increase of 24,000,000 kilowatt hours and 208,000,000 kilowatt hours, respectively.—Reuter.

U. S. CRUDE OIL PRODUCTION

New York, June 30.

The daily average gross crude oil production in the United States for the week ended June 26 totalled 2,530,000 barrels, according to the weekly report of the American Petroleum Institute of New York, issued to-day.